

# QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

June 26, 2024

Volume 17 Issue 122

## Market Overview



## Signals Overview

Aggregator	CBI Reading
Long	1

## Tonight's Research Points

- The tight consolidation near a 50-day high suggests an upside edge.
- Tuesday's weak breadth could actually be a positive.

## *Short-term Outlook*

### *The Bottom Line*

The Aggregator formation is bullish. More upside after Tuesday's rally appears likely.

**Summary of Recent Active Studies (see Letters from listed dates for details)**

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
<b>Active - Short Term</b>						
June 26, 2024	SPY 50-high then 5 sideways	1-3 days	Bullish	1.10%	-0.70%	-1.40%
June 26, 2024	SPX up and > 200. Up Vol % < 40%.	1-8 days	Bullish	1.85%	-1.30%	-2.80%
June 25, 2024	SPX btm 10% rng & 5-low on a Monday	1-5 days	Bullish	2.00%	-1.10%	-2.20%
<b>Active - Long Term</b>						
June 26, 2024	SPY 50-high then 5 sideways	1-10 days	Bullish	2.10%	-1.15%	-2.50%
June 24, 2024	Seasonality Calendar strong end June-July	int term	Bullish			
June 20, 2024	Hindenburg Omen with SPX trend mod	1-35 days	Bearish	-7.40%	2.80%	4.90%
June 14, 2024	SPX new high with < 50% stocks > 100ma	1-18 months	Bearish			
June 7, 2024	RUT btm 25% 20-day rng. SPX top 25%.	1-40 days	Bullish	5.30%	-3.30%	-6.60%
May 16, 2024	SPX 50-day %b crosses 100	1-50 days	Bullish	4.90%	-4.40%	-8.90%
May 7, 2024	Triple 70 Breadth Thrust	1-80 days	Bullish	10.10%	-4.80%	-11.20%
May 6, 2024	NASDAQ Leading	int term	Bullish			
April 29, 2024	May-October selloff potential when 5% dn	1-6 months	Bearish			
March 4, 2024	Jan & Feb both close positive	1-10 months	Bullish			
February 2, 2024	SPX up > 15% last 3 months	1-6 months	Bullish			
December 27, 2023	%SPX > 50 moves frm 15% > 90% in 50 dys	1-6 months	Bullish			
November 6, 2023	Zweig Thrust	1-12 months	Bullish	29.00%	-3.20%	-7.00%
February 2, 2023	SPX Golden Cross	int term	Bullish			
March 14, 2022	Fed Hawkish / QE done	int term	Bearish			

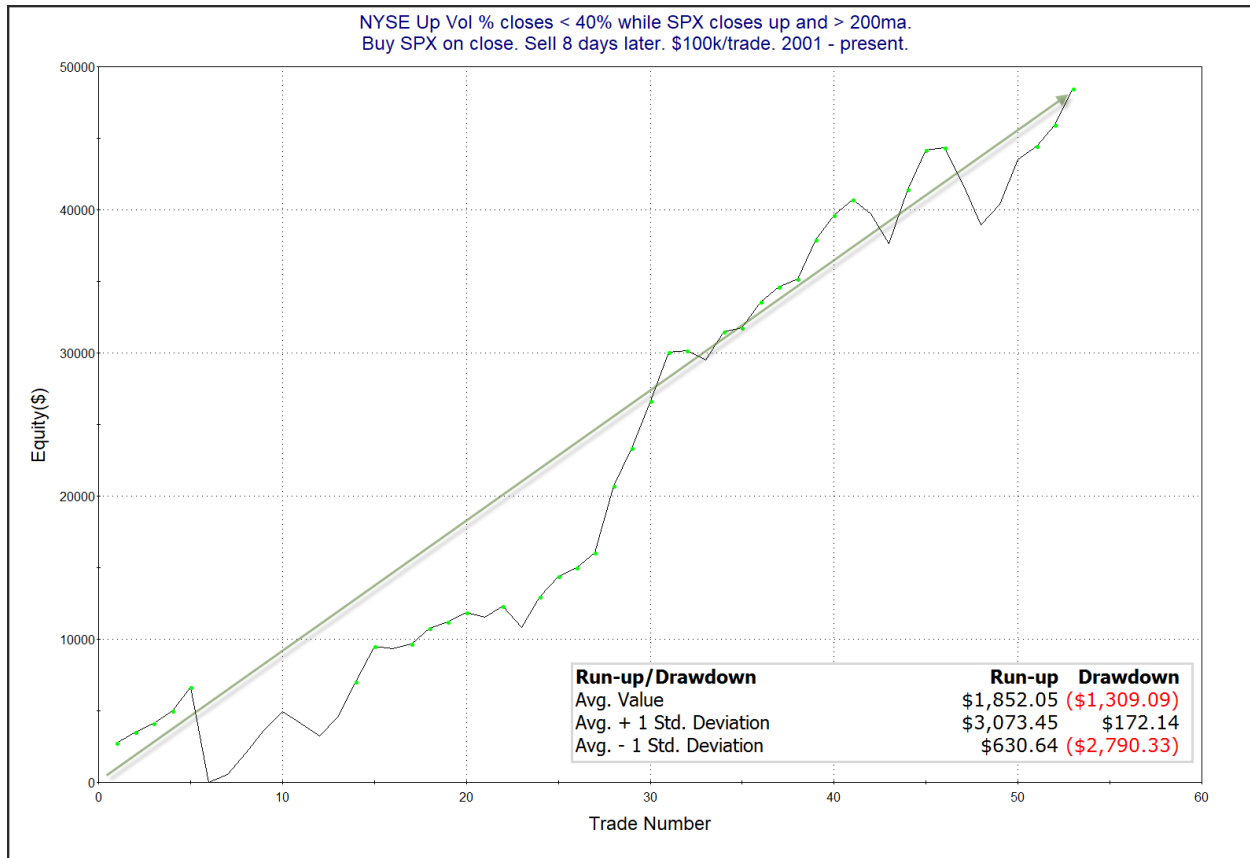
**The Evidence**

Tuesday saw the large indices rally on poor breadth. SPX gained 0.4%, the NASDAQ rose 1.3%, and the Russell 2000 declined 0.4%. Breadth was weak with the NYSE Up Issues % coming in at 36% and the Up Volume % at 27%. NYSE volume rose some from Monday's level.

Recently in the 6/12/24 letter I looked at times the NYSE Up Volume % came in under 40% while SPX closed higher during a long-term uptrend. I updated that study below.

NYSE Up Vol % closes < 40% while SPX closes up and > 200ma. Buy SPX on close. Sell X days later. \$100k/trade. 2001 - present.												
X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	54,450.91	50	39	11	78.00	3,990.80	-7,891.63	2,032.54	-2,256.18	0.90	3.19	1,089.02
9	47,045.74	51	39	12	76.47	3,793.00	-7,594.37	1,834.42	-2,041.37	0.90	2.92	922.47
8	48,452.21	53	42	11	79.25	4,666.56	-6,657.20	1,617.49	-1,771.11	0.91	3.49	914.19
7	45,249.40	57	44	13	77.19	5,211.84	-3,755.76	1,503.30	-1,607.36	0.94	3.17	793.85
6	41,588.63	57	42	15	73.68	6,018.56	-3,495.92	1,493.30	-1,408.67	1.06	2.97	729.63
5	32,795.45	61	46	15	75.41	4,787.84	-4,623.84	1,210.04	-1,524.42	0.79	2.43	537.63
4	18,300.76	62	40	22	64.52	2,689.05	-4,483.92	1,085.62	-1,142.00	0.95	1.73	295.17
3	13,151.16	65	41	24	63.08	2,513.92	-3,122.40	887.65	-968.44	0.92	1.57	202.33
2	16,167.37	71	47	24	66.20	2,661.75	-2,848.17	749.10	-793.36	0.94	1.85	227.71
1	7,814.82	77	46	31	59.74	1,790.64	-1,489.20	541.73	-551.76	0.98	1.46	101.49

Results have been surprisingly strong over the last 23 years, especially over the 7-10 day periods. Below is a look at an 8-day profit curve.



The curve has shown strong upside persistence. I find these results intriguing, and have added this study to the short-term active list.

The range over the last week has been very tight. Every SPY close in the 5 days since 6/17 has been within the intraday range of that 6/17/24 bar. It is said that consolidations are often resolved in the direction of the trend. This guideline suggests that we're more likely to see another leg up from here than a breakdown. The study below tests this concept. It was last seen in the 3/1/24 letter and has been updated.

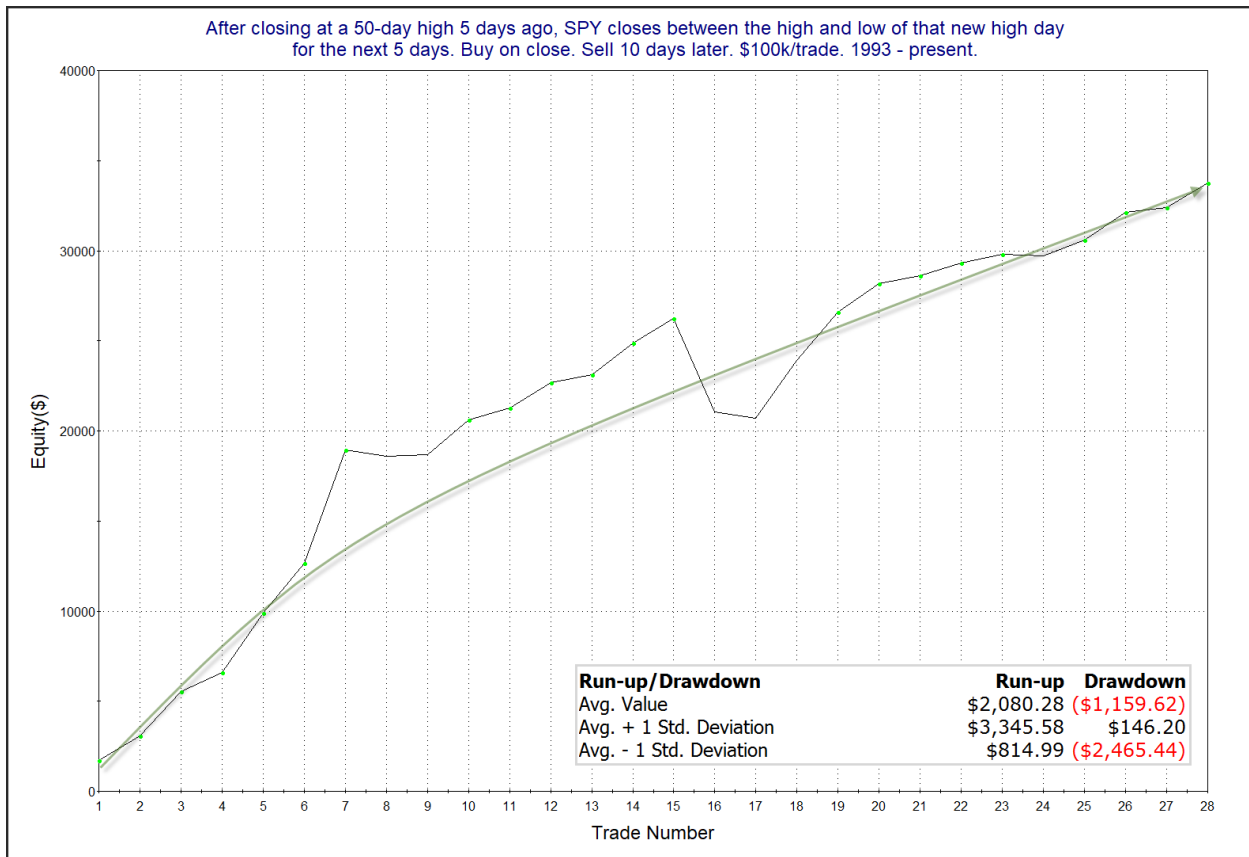
After closing at a 50-day high 5 days ago, SPY closes between the high and low of that new high day for the next 5 days. Buy on close. Sell X days later. \$100k/trade. 1993 - present.

X Days	All: Net Profit	All: Total Trades	All: Winning Trades	All: Losing Trades	All: % Profitable	All: Max Winning Trade	All: Max Losing Trade	All: Avg Winning Trade	All: Avg Losing Trade	All: Win/Loss Ratio	All: ProfitFactor	All: Avg Trade
10	33,748.36	28	24	4	85.71	6,287.04	-5,182.56	1,656.55	-1,502.23	1.10	6.62	1,205.30
9	30,730.59	28	25	3	89.29	6,322.56	-2,251.44	1,353.85	-1,038.54	1.30	10.86	1,097.52
8	27,071.07	28	23	5	82.14	6,287.04	-2,060.28	1,465.33	-1,326.29	1.10	5.08	966.82
7	16,033.87	28	20	8	71.43	5,339.84	-3,472.29	1,349.08	-1,368.47	0.99	2.46	572.64
6	10,072.80	28	19	9	67.86	3,362.56	-2,992.38	1,147.95	-1,304.25	0.88	1.86	359.74
5	10,651.81	28	16	12	57.14	3,031.04	-3,767.97	1,356.67	-921.25	1.47	1.96	380.42
4	12,745.37	28	19	9	67.86	2,806.08	-2,690.19	1,069.20	-841.05	1.27	2.68	455.19
3	14,194.27	28	21	7	75.00	2,296.96	-2,368.80	949.48	-820.68	1.16	3.47	506.94
2	6,874.07	29	20	9	68.97	1,817.10	-1,963.86	754.07	-911.92	0.83	1.84	237.04
1	3,264.38	29	18	11	62.07	1,433.49	-1,100.97	500.93	-522.94	0.96	1.57	112.56

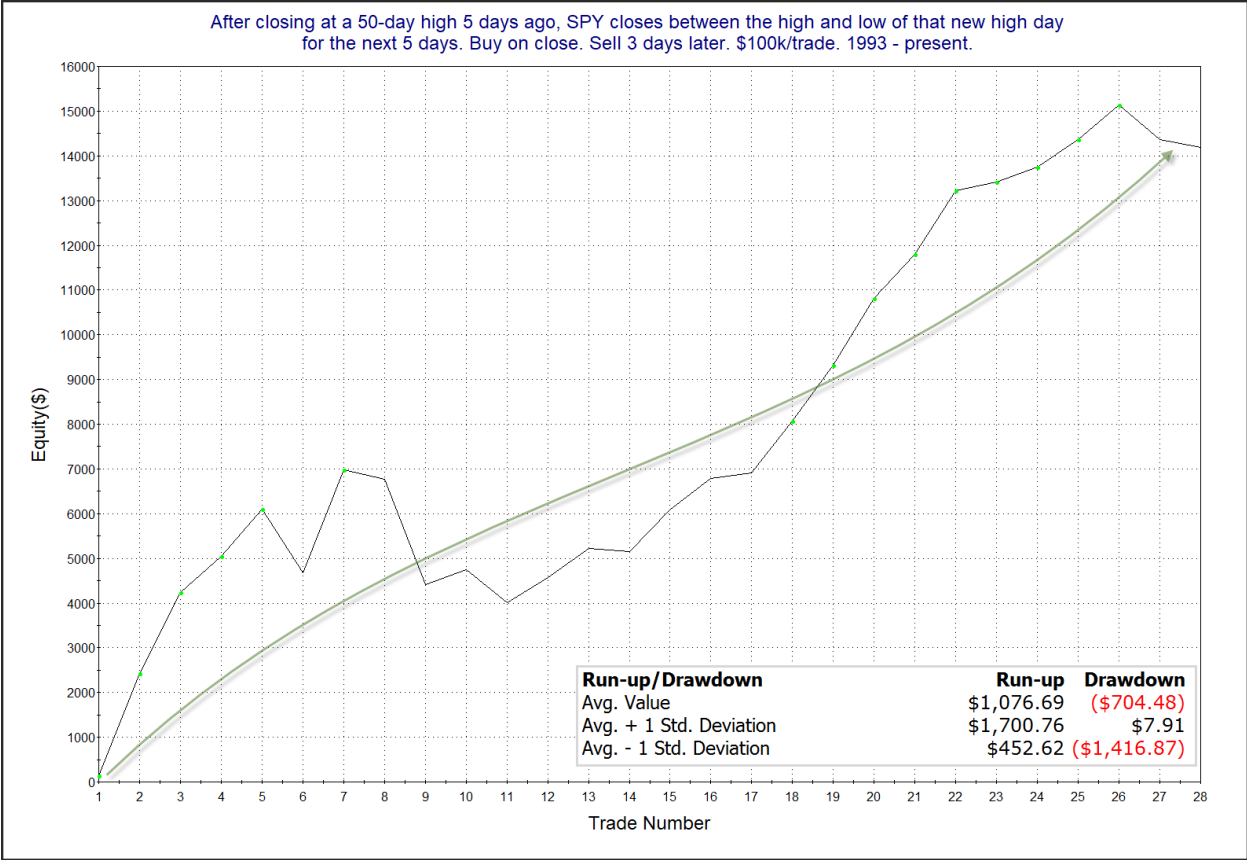
\* 26 of 29 instances (90%) closed above the entry price within 3 days

\* All instances closed above the entry price at some point in the next 2 weeks

It certainly appears to confirm the old technical adage. Results favor the long side over the immediate 3-day period and they are even more impressive when looking out 8 to 10 days. Below are some equity curves to see how the edge has played out over time. First, the 10-day.

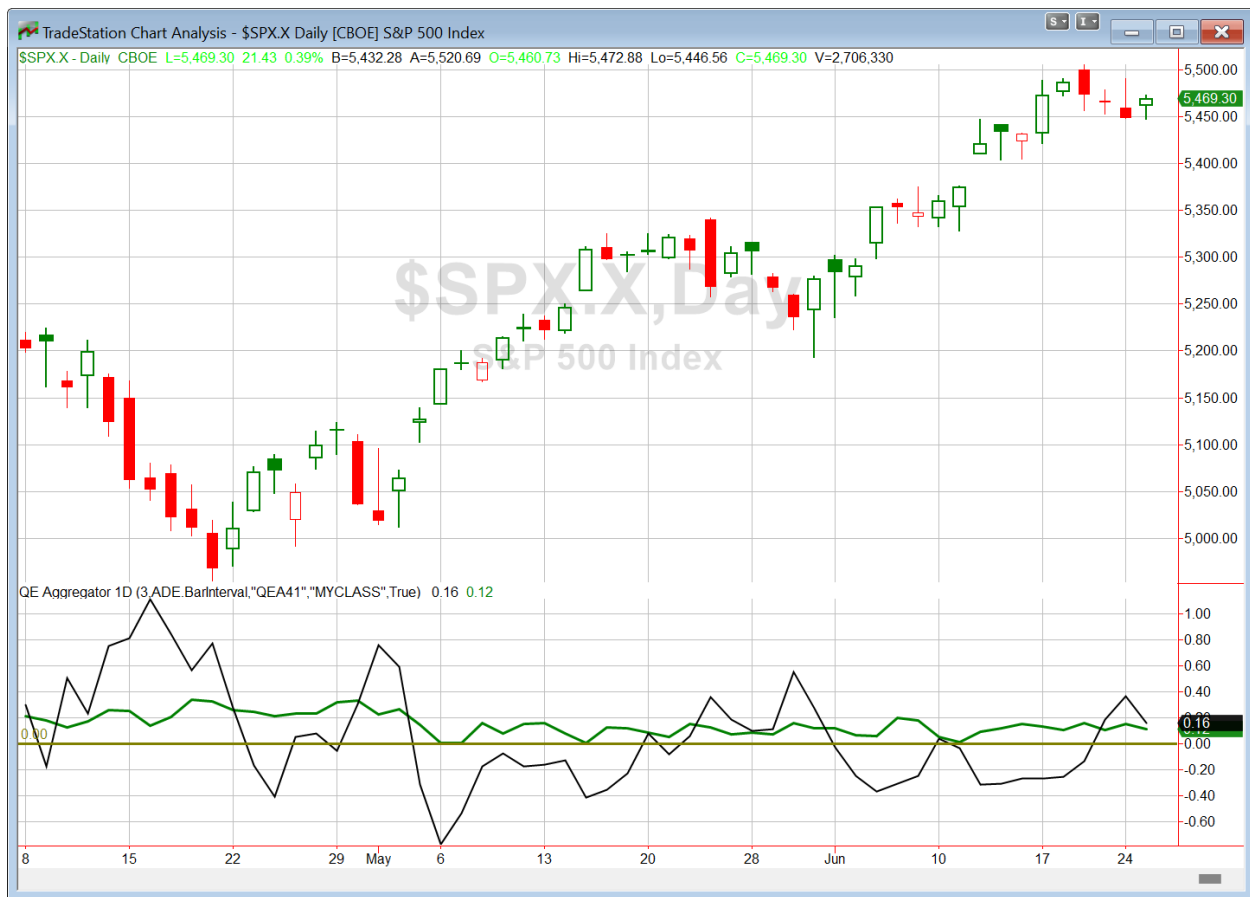


The persistent move from lower left to upper right serves as some confirmation of the upside edge. Next is the 3-day curve.



While mostly up the curve is a bit choppy. Over the 3-day period the average run-up was 1.1% and the average drawdown was 0.7%. That is a comparatively large drawdown. It isn't very surprising though. Risks tend to be higher when you are trading near the upper end of a range. And a tight consolidation near a 50-day high seems to qualify. All considered, I find this study appealing and believe it is worth considering over both very short and intermediate-term timeframes.

I have updated [the Aggregator chart](#) below.



With tonight's evidence considered, the green Aggregator Line held above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line remained above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are positive and SPX is oversold. This is considered a bullish configuration. Bullish configurations are visible on the chart whenever both lines close above zero. Therefore, the Aggregator formation stayed long at the close.

Based on the current list of active studies, expectations are set to remain positive on Wednesday. This is unlikely to change. Meanwhile, the Differential Pivot will be 5484.94 on Wednesday. That is 0.3% above Tuesday's close. Therefore, SPX will need to close up at least 0.3% on Wednesday in order to flip from oversold to overbought vs recent expectations.

So the Aggregator is bullish. Evidence says Tuesday's bounce should have further to go. There is a small amount of room to the upside before SPX would turn overbought. I have a small long position at the moment. I will stick with that for the time being, and may look to exit at the close on Wednesday if there is a strong move higher.

*Intermediate-term Outlook (2 weeks – 2 months) – updated 6/24 – **slightly bullish***

## **Catapult and Capitulative Breadth Statistics**

[Catapult & CBI Presentation Link](#)

### ***Open Catapult Triggers***

PM – 1/3 @ \$99.92 (bought @ limit)

### ***Broad Market Large Cap CBI – 1(PM)***

## **Additional New Trade Ideas**

*A full listing of system triggers can be found at the [numbered systems page](#) each night. I will cherry pick some of my favorite setups from the S&P 100 and ETF lists along with occasional other trade ideas to track below.*

**None.**

## **Current Open Trade Ideas**

<b>Symbol</b>	<b>Entry Date</b>	<b>Entry Price</b>	<b>Current Price</b>	<b>% Gain/Loss</b>	<b>Notes</b>
PM(1/3)	6/24/2024	\$99.92	\$102.04	2.12%	Catapult
SPY(1/4)	6/24/2024	\$542.74	\$544.83	0.39%	<b>sell @ \$550.00 LIMIT ON CLOSE</b>

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